



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240



September 21, 1999

Department of the Interior Acquisition Policy Release (DIAPR) 1999-11

Subject: PROHIBITION ON CONTRACTING WITH MACA, INC. , ITS OWNERS AND OWNER-CONTROLLED ENTERPRISES

1. **Purpose:** This DIAPR advises contracting officers of the terms of a recent settlement agreement between the Department of the Interior and the owners of Management Assistance Corporation of America (MACA), Inc.

2. **Effective Date:** August 31, 1999

3. **Expiration Date:** August 31, 2004

4. **Background:**

For several years, the Bureau of Indian Affairs, the Solicitor, the Inspector General and the Department of Justice have been pursuing a settlement under a contract originally awarded to MACA in the 1980's. Chief among the issues was an alleged false claim for payment. A settlement was finally reached in August 1999.

The parties have agreed that the company's owners, Mr. Alvin T. Johnson and Mrs. Louise E. Johnson, will not seek to do business with the Department of the Interior, its bureaus, or offices for a period of 5 years. This includes all companies or firms that are controlled, directly or indirectly, by Mr. or Mrs. Johnson with the exception of MATCOM of Alexandria, Virginia. Mr. Johnson will retain his membership on MATCOM's board of directors. Any contract awarded in violation of this agreement is subject to immediate termination, without further recourse. The relevant settlement language is attached for your information.

This arrangement resulted from the negotiated settlement of a dispute rather than FAR Part 9 debarment or suspension procedures. This is an innovative solution to claim settlements in cases where, for example, the contractor might not have sufficient funds to make the government monetarily whole or where the government's bargaining position is weak with regard to pricing issues. As far as we have been able to determine, it has not been used at Interior before. Since it is different from a debarment or suspension, the arrangement has some noteworthy features:

- It applies only to Interior, not governmentwide.
- Neither the owners nor MACA itself will appear on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.
- It is effective for five years, instead of the maximum of three under most debarment procedures.
- In the event of a termination for convenience, the contractor would not be eligible to receive the price adjustments normally available.

Historically, the Johnsons have been engaged in business related to Information Technology. However, contracting officers should be vigilant in all areas.

5. Action Required:

A. Contracting officers must not make any awards to Mr. Alvin T. Johnson or Mrs. Lousie E. Johnson directly, or to companies or firms controlled, directly or indirectly, by the Johnsons, with the exception of MATCOM, 1500 N. Beauregard Street, Suite 300, Alexandria, Virginia 22311.

B. If an award has inadvertently been made after August 31, 1999 to the Johnsons, a company or firm controlled, directly or indirectly, by them, the contracting officer should terminate it for convenience in accordance with FAR Part 49. The contractor would not be eligible for any termination adjustment. Since this is an unusual situation, contracting officers must inform the Director, Office of Acquisition and Property Management and the General Law Division of the Solicitor's Office prior to taking any action.

A handwritten signature in black ink, appearing to read "Dean A. Titcomb", is written over the printed name and title.

Dean A. Titcomb, Acting Director
Office of Acquisition and Property Management

Attachment

**Excerpt from Settlement Agreement
between the
U.S. Government and Alvin T. and Louise E. Johnson
Dated August 31, 1999**

5. No company or firm that is controlled, directly or indirectly, by Mr. and Mrs. Johnson, or by either of them, shall seek to do business with the Department or any of the Department's bureaus, offices, or agencies for a period of five (5) years from the effective date of this Agreement. For purposes of this Agreement, "control" shall include, without limitation, majority legal or beneficial ownership of a corporation's voting stock, and/or participation as an officer, director, general partner, managing agent, or sole proprietor. Any contract received or awarded in violation hereof shall be subject to immediate termination by the Department or by the cognizant bureau, office, or agency without further recourse by the other contracting party. This requirement is subject only to the following exception: Mr. Johnson may remain a member of the Board of Directors of MATCOM, 1500 N. Beauregard St., Suite #300, Alexandria, VA 22311, solely to oversee the ownership interest of Mrs. Johnson, for as long as Mrs. Johnson owns stock in this company provided his voting authority does not exceed Mrs. Johnson's ownership interest which shall not exceed approximately nine and eight tenths percent (9.8%). Except as specifically set forth herein with respect to Mr. Johnson's Board membership and Mrs. Johnson's ownership interest, this exception shall not be construed to permit any violation of the non-exclusive definition of "control" as set forth above.